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S E C R E T SECTION 01 OF 02 BRUSSELS 001625

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PHUM, KPAO, FR, UK, EUN
SUBJECT: (S//NF) DELIVERY OF HIZBALLAH AND HAMAS FINANCING
ANALYSIS

REF: BRUSSELS 1230

Classified By: PETER H. CHASE, ECON MINISTER-COUNSELOR FOR REASONS 1.4(b) AND (d).

¶1. (S//NF) SUMMARY/COMMENT: USEU shared Treasury-provided analysis related to Hizballah and Hamas financing with an analyst from the EU's Joint Situation Center ("SitCen"). The analyst expressed gratitude for the USG contribution, which will help inform a paper that he is preparing for EU-wide distribution in December. SitCen and the Swedish EU Presidency are pushing forward with the project despite French opposition. This exercise follows up on SitCen's interest in exploring informal ways to exchange views with U.S. analysts. COMMENT: SitCen's role is expected to expand to supporting the nascent EU diplomatic corps, the European External Action Service (EEAS). END SUMMARY/COMMENT.

¶2. (S//NF) USEU met with an analyst from the EU's Joint Situation Center ("SitCen") on November 25 to deliver Treasury-provided analysis related to Hizballah and Hamas financing. The analyst, Philippe de la Bletiere (please protect), had requested that the USG provide information in support of a SitCen analytical product concerning financial flows to those groups (REFTEL). Based on de la Bletiere's initial proposal, the Swedish EU Presidency formally requested the product from SitCen, which in turn asked all 27 EU Member States to submit relevant intelligence and analysis.

¶3. (S//NF) De la Bletiere expressed gratitude for the USG contribution. He especially welcomed the detailed Open Source Center report concerning Hamas affiliates in Europe, since EU Member States had provided far more information concerning Hizballah. De la Bletiere also noted that he and SitCen leadership were "running out of time" in the Swedish Presidency, which concludes December 31, 2009. As a result, they will probably scale down the paper tasked for distribution this month. They will eventually consider doing more extensive pieces on Hizballah and/or Hamas based on Member State feedback.

¶4. (S//NF) Commenting on the political sensitivity of his project, de la Bletiere noted that France had attempted to block its drafting and presentation. France objected in particular to the paper's initial association with the EU Council's counterterrorism working group ("COTER"). Placing Hizballah and Hamas on the formal COTER agenda, France argued, would imply a link between those groups and terrorism.

¶5. (S//NF) The Swedish Presidency agreed to remove the paper from COTER channels but asked that SitCen complete its

tasking. SitCen plans to distribute the paper under its name to all 27 EU Member States and will be prepared to present its conclusions in other venues. De la Bletiere is willing to share his findings with the USG but notes that, given French opposition, this could not happen during a formal component of a future U.S.-EU Terrorist Financing Workshop.

¶6. (S//NF) COMMENT: EU decision-making can be shaped and influenced by the formal papers drafted by EU institutional actors such as SitCen. SitCen has accepted some political risk in taking on this project, which is largely a result of the May 2009 U.S.-EU Terrorist Financing Workshop (See REFTEL, Para 3). Continuing to share information as robustly as possible with appropriate EU channels will offer chances for the USG to influence related EU decision-making, such as whether to pursue measures against Hizballah and Hamas affiliates based in EU Member States. Post thanks Treasury for its support and for helping EU institutional actors raise the profile of this issue in sensitive EU decision-making circles. We would welcome follow up as appropriate. We also note that SitCen, which is expected to support the nascent EU diplomatic corps (the European External Action Service, or EEAS), will grow in size and prestige under the Lisbon Treaty. END COMMENT.

MURRAY